

**EXHIBIT 4305**

**AHERF**  
**06/30/97**

**File Section Heading:** Assets  
**File Section Code:** 0053  
**File Section Name:** Patient Accounts Receivable  
**Step Name:** Examine adjustments made throughout the year

**Step Description:**

Examine support for significant unusual or non-recurring adjustments made throughout the year by the client in reconciling detailed patient's receivable records with the control account(s) in the general ledger.

**Audit Objectives:** Accuracy

**Step Comments**

\$50 million - Graduate Bad Debt

☐ **Completed**

**Completed By:**

**Date:**

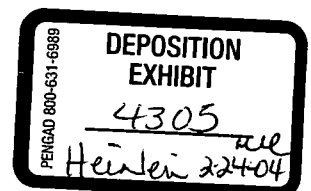
**Last Modified By:**

Kristen Heinlein  
05/29/97 08:47:05 AM

**Date:**

☐ **Reviewed**

☐ **Mark for Deletion**



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Examine adjustments made throughout the year - David S. Torborg - Lotus Notes

File Edit View Create Actions Help



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AHERF  
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Audit Objectives: Accuracy

Step Comments

\$50 million - Graduate Bad Debt

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Completed By:  
Last Modified By: Kristen Heinlein

☐ Reviewed

☐ Mark for Deletion

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**Last Modified By:** Kristen Heinlein

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**Last Modified By:** Kristen Heinlein

☐ **Reviewed**

☐ **Mark for Deletion**

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**Last Modified By:** Kristen Heinlein

☐ **Reviewed**

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**Last Modified By:** Kristen Heinlein

☐ **Reviewed**

☐ **Mark for Deletion**

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**EXHIBIT 4329**



**AHERF**  
**06/30/97**

**One-line Summary:** Robin to get Detail from Dan  
regarding Graduate Reserves

**Link to Further Information:** Working Paper  0053-1  
A/R Lead Schedule - 3/31/97

<b>Review Comment:</b>	<b>Response:</b>
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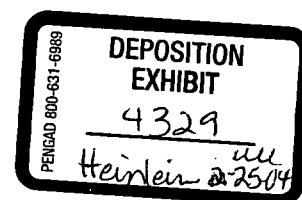
**Created By:** Kristen Heinlein **Date:**  
07/06/97 04:48:54 PM

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07/06/97 04:49:13 PM

**Answered By:** **Date:**

**Cleared By:** **Date:**

☐ **Mark for Deletion**



**JD-MEYER CLASS  
DISK**

**EXHIBIT 4386**

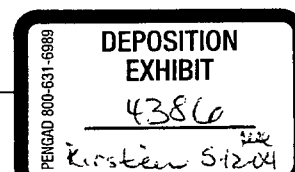
**AHERF**  
**Accounts Receivable Procedures**

- See operational procedures section prepared by Norb
- Obtain & document policies & procedures for A/R across system
  - If differences between entities, document and test
- Complete RAC's and test where appropriate
- Document & test controls over cash application procedures and maintenance of remittance advice log summaries
- Document & test computer systems. Detail review of all conversions and consider implications new systems have on information available for A/R
- Complete analytical analysis by entity
  - Aging by Payor & hospital
  - Bad debt % in relation to A/R
  - Bad debt expense analytics by entity
  - Contractual allowance analytics by payor & by entity
  - Days in A/R
- Prepare AGH model reserve for all entities
- Subsequent receipt testing (seek high coverage)
- Document policies & procedures over credit balance reporting.
  - Specific testing of significant credit balances (individual & in total)
- High dollar account testing
- Update PIP status & procedures over PIP accounting,
  - Identify implications on 1996 f/s from clearing of 1995 PIP balances
- CRA review & update

*Managed*

<i>Days</i>	<i>Ch</i>	<i>Net</i>
<i>Own</i>	<i>Cash</i>	

CL 035649





**AHERF**

**Accounts Receivable Procedures**

- **Managed Care**
  - Obtain & read large managed care contracts
  - Document how managed care implemented into billing systems
  - Consider implications of capitation contracts and/or risk contracts

CL 035650

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**EXHIBIT 4387**

AHERF  
06/30/96

Working Paper Name: HUH (Center City) Inpatient Bad Debt Analysis- 6/30/96  
Working Paper Reference: 0053-551  
Working Paper Type ☒ OLE

HAHNEMANN UNIVERSITY HOSPITAL  
INPATIENT BAD DEBT RESERVE CALCULATION  
06/30/96

PBC

☒ Completed

Completed By: Brian W. Christian      Date: 09/19/96 10:06:54 AM  
Last Modified By: Mark D. Kirstein      Date: 10/03/96 12:34:46 AM

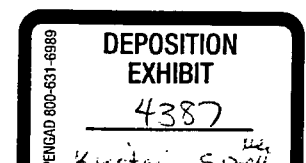
☒ Reviewed      Mark D. Kirstein

☒ Mark for Deletion

Modification History:

Brian W. Christian

CL 001096





HAHNEMANN UNIVERSITY HOSPITAL  
INPATIENT BAD DEBT RESERVE CALCULATION  
06/30/96

Note: The reserve calculation below is based on the aged by final billed date methodology.

PBC

CLASS	TOTAL	INHOUSE & DNFB (NET)	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	365+
3 MISC HMO CONTRACTS	1,493,770	(1) * (2) =	0	0	210,103	190,815	221,159	163,335	273,681	161,592	112,609
4 INDUSTRIAL HEALTH	0	0	0	0	0	0	0	0	0	0	0
A PHILA BLUE CROSS	379,214	0	0	0	0	0	61,280	35,758	76,026	40,107	166,044
B BLUE CROSS- BANK & FED	6,769	0	0	0	0	0	0	0	5,580	619	570
C HMO PANJ	1,789,323	0	0	76,050	50,621	82,389	106,621	150,061	150,492	161,165	1,011,925
D DISCONTINUED	1,464	0	0	0	0	0	0	0	0	0	1,464
E COMMERCIAL	1,263,910	A	241,915	130,474	79,787	44,344	16,344	42,087	(21,615)	77,632	473,523
F MEDICARE	186,096	0	0	0	0	0	36,343	17,724	38,400	5,426	88,202
G PA MED ASSISTANCE	1,599,283	(1) * (2) =	0	87,524	46,471	21,910	33,479	66,399	133,564	163,734	890,548
H PA MED ASSIST APPS	450,864	0	155,653	45,608	51,771	27,843	113,147	7,372	0	0	6,021
I HEALTH PASS/MANAGED MA	757,992	0	50,357	122,705	21,579	105,279	32,740	23,744	195,179	20,813	28,770
K NJ MED ASSIST	931,842	0	18,167	11,998	26,206	9,798	9,950	6,700	47,784	70,202	731,036
L WORKER COMP	115,218	0	21,008	18,949	14,160	14,507	4,476	2,749	5,925	(278)	31,909
M DISCONTINUED	50,737	0	0	0	0	0	764	368	17,896	2,921	28,788
N MISC 3rd PARTIES/OTHER IP	497,750	0	10,057	9,074	13,112	14,179	13,605	19,874	62,562	14,485	334,305
P HAHN BC FLEX	5,037	0	676	338	0	91	231	0	1,240	686	1,775
S SELF PAY	5,528,980	27,307	381,133	424,042	359,731	366,252	629,718	352,062	1,177,171	(284,114)	2,095,678
REQUIRED RESERVE	15,058,248	459,931	989,996	1,087,235	873,542	877,409	1,279,858	888,234	2,163,885	434,991	6,003,167
	53-557										

A- Commercial reserve is calculated based on gross A/R less estimated contractual percentage.

(1) \* (2) \* (80%) with the exception of Inhouse & DNFB.

Note: The reserve calculation below is based on the aged by discharge date methodology.

CLASS	TOTAL	INHOUSE & DNFB (NET)	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	365+
3 MISC HMO CONTRACTS	1,633,306	(3) * (2) =	0	0	210,806	193,795	238,453	184,601	317,325	163,266	165,230
4 INDUSTRIAL HEALTH	0	0	0	0	0	0	0	0	0	0	0
A PHILA BLUE CROSS	386,262	0	0	0	0	0	42,932	37,504	91,512	36,958	177,356
B BLUE CROSS- BANK & FED	6,769	0	0	0	0	0	0	0	5,580	619	570
C HMO PANJ	1,858,051	0	0	84,902	60,063	97,278	87,924	159,874	172,746	135,679	1,059,585
D DISCONTINUED	1,464	0	0	0	0	0	0	0	0	0	1,464
E COMMERCIAL	1,273,396	A	206,273	136,564	107,925	45,991	12,076	13,172	9,438	73,922	488,614
F MEDICARE	188,977	0	0	0	0	0	35,488	17,730	38,501	5,604	91,654
G PA MED ASSISTANCE	1,651,975	(3) * (2) =	0	90,450	41,737	36,848	16,943	32,811	136,404	186,884	985,967
H PA MED ASSIST APPS	450,864	0	123,931	19,931	48,927	32,739	36,951	14,376	49,845	56,885	30,675
I HEALTH PASS/MANAGED MA	761,628	0	11,793	137,919	25,919	83,756	58,782	6,714	213,813	19,310	30,583
K NJ MED ASSIST	950,205	0	88,678	14,324	25,606	14,308	4,791	8,320	62,818	67,053	740,654
L WORKER COMP	115,219	0	12,332	16,380	16,382	15,140	4,477	2,747	5,928	(278)	31,909
M DISCONTINUED	52,377	1,811	20,722	0	0	0	739	393	17,896	871	32,477

CL 001097

N MISC 3rd PARTIES/OTHER IP	513,172	1	6,496	10,057	6,383	13,708	4,744	3,800	35,837	52,385	29,408	350,354
P HAHN BC FLEX	5,037	1	0	676	338	0	91	231	0	1,240	686	1,775
S SELF PAY	5,789,937	1	27,307	306,166	412,744	343,174	296,951	326,183	356,286	1,242,943	(334,701)	2,812,884
REQUIRED RESERVE	15,638,638		459,931	780,629	1,079,767	894,249	821,640	869,769	870,366	2,418,373	442,165	7,001,751

A- Commercial reserve is calculated based on gross AVR less estimated contractual percentage.  
 (3) \* (2) \* (80%) with the exception of Inhouse & DNFB.

Reserve difference due to change in historic aging methodology:

Reserve using final billed aging	15,058,248
Reserve using discharge date	15,638,638
Difference	(580,390)

**Note:**

C&L does not propose an entry for the difference between the two reserve calculations because C&L has prepared an additional analysis for the bad debt reserve using AGH's reserve percentages and the client has booked an additional reserve.

CL 001098

HAHNEMANN UNIVERSITY HOSPITAL  
ACCOUNTS RECEIVABLE AGING - INPATIENT  
June 30, 1996

AGED FROM FINAL BILL DATE

CLASS	TOTAL	IH & DNFB (NET)	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	365+
3 MISC HMO CONTRACTS	14,810,207	(1)	1,916,375	3,191,488	2,101,031	1,272,102	1,105,797	653,339	912,271	323,185	125,121
4 INDUSTRIAL HEALTH	0		0	0	0	0	0	0	0	0	0
A PHILA BLUE CROSS	12,839,209		1,141,009	1,996,860	1,372,533	496,720	1,225,592	715,168	1,520,516	802,131	1,660,441
B BLUE CROSS- BANK & FED	144,692		0	0	15,015	0	0	0	111,594	12,386	5,697
C HMO PANJ	8,278,279		811,751	2,140,461	506,212	549,257	426,484	500,203	376,229	322,330	1,124,361
D DISCONTINUED	1,627		0	0	0	0	0	0	0	0	1,627
E COMMERCIAL	9,506,486		1,794,202	3,023,943	1,630,920	369,535	136,196	263,043	(135,096)	242,599	1,183,807
F&R MEDICARE	13,856,305		3,549,938	6,035,212	953,575	236,206	241,482	354,489	767,993	108,529	882,020
G PA MED ASSISTANCE	9,367,447		900,088	1,556,535	875,241	464,710	219,101	265,598	534,256	654,936	3,562,190
H PA MED ASSIST APPS	1,505,970		297,486	201,428	182,434	207,086	111,373	452,590	0	0	24,085
I HEALTH PASS/MANAGED MA	2,033,518		384,614	444,112	490,820	86,317	210,559	31,659	260,238	27,751	31,967
K NJ MED ASSIST	1,448,546		0	181,672	119,977	104,825	39,194	13,400	63,712	93,603	812,262
L WORKER COMP	838,931		18,110	210,083	189,485	145,073	29,843	18,325	23,701	(1,111)	63,819
M	75,886		0	0	0	0	1,529	736	35,793	5,842	31,986
N MISC 3rd PARTIES/OTHER IP	1,148,547		25,985	50,286	45,371	56,716	45,350	49,686	125,124	28,970	668,610
P HAHN BC FLEX	26,775		0	6,758	3,376	912	924	0	4,962	2,742	7,101
S&W SELF PAY	7,528,938		54,614	762,267	848,084	610,421	899,597	502,945	1,471,464	(315,682)	2,095,678
TOTAL	83,411,361	(4)	10,894,172	19,801,104	11,978,012	4,322,445	5,470,934	3,398,080	6,072,756	2,308,211	12,280,772

(1) Amounts were traced into the Invision system generated report.

AGED BY DISCHARGE DATE

CLASS	TOTAL	IH & DNFB (NET)	0-30	31-60	61-90	91-120	121-150	151-180	181-270	271-365	365+
3 MISC HMO CONTRACTS	14,810,207	(3)	1,916,375	2,798,651	3,196,612	1,291,968	1,192,264	738,405	1,057,751	326,531	183,589
4 INDUSTRIAL HEALTH	0		0	0	0	0	0	0	0	0	0
A PHILA BLUE CROSS	12,839,209		1,141,009	1,667,985	1,553,497	795,682	858,649	750,084	1,830,236	739,152	1,773,561
B BLUE CROSS- BANK & FED	144,692		0	0	0	15,015	0	0	111,594	12,386	5,697
C HMO PANJ	8,278,279		811,751	1,754,186	600,630	648,518	351,695	532,912	431,864	271,358	1,177,317
D DISCONTINUED	1,627		0	0	0	0	0	0	0	0	1,627
E COMMERCIAL	9,506,486		1,794,202	2,578,415	1,349,069	383,257	100,633	82,328	58,986	231,007	1,221,534
F&R MEDICARE	13,856,305		3,549,938	5,437,438	2,910,166	266,273	709,769	354,593	770,022	112,081	916,537
G PA MED ASSISTANCE	9,367,447		900,088	1,239,315	904,504	368,477	169,429	131,242	545,616	747,534	3,943,867
H PA MED ASSIST APPS	1,505,970		297,486	47,171	79,724	130,955	147,803	57,504	199,379	227,538	122,699
I HEALTH PASS/MANAGED MA	2,033,518		384,614	354,714	551,674	167,511	117,565	8,952	285,084	25,746	33,981
K NJ MED ASSIST	1,448,546		0	123,322	143,239	57,231	9,582	16,640	83,757	89,404	822,949
L WORKER COMP	838,931		18,110	207,218	163,804	151,396	29,846	18,316	23,711	(1,111)	63,819

CL 001099



M	75,886	0	0	0	0	0	0	0	0	1,478	786	35,793	1,743	36,085
N&Q MISC 3rd PARTIES/OTHER IP	1,148,547	25,985	50,286	31,917	54,834	18,976	12,665	89,593	104,769	58,815	700,708			
P HAHN BC FLEX	26,775	0	6,758	3,376	0	912	924	0	4,962	2,742	7,101			
S&W SELF PAY	7,528,938	54,614	612,333	825,488	571,956	494,919	465,975	508,980	1,553,679	(371,890)	2,812,894			
TOTAL	83,411,361	10,894,172	16,877,791	12,483,435	7,512,068	4,791,091	4,168,275	3,290,335	7,097,201	2,473,037	13,823,955			

(3)- C&L obtained amounts from the Invision system generated agings.

83,411,361 (4)

10,894,172 (5)

72,517,189 53-555

CL 001100

HAHNEMANN UNIVERSITY HOSPITAL  
INPATIENT BAD DEBT RESERVE PERCENTAGES

CLASS	INHOUSE & DNFB	0-30/ FINAL BILLS	31-60	61-90	91-120	121-150	151-180	181-270	271-365	365+
(2)										
3 MISC HMO CONTRACTS	0%	0%	5%	10%	15%	20%	25%	30%	50%	90%
4 INDUSTRIAL HEALTH	0%	0%	5%	10%	15%	25%	30%	40%	50%	90%
A PHILA BLUE CROSS	0%	0%	0%	0%	0%	5%	5%	5%	5%	10%
B BLUE CROSS- BANK & FED	0%	0%	0%	0%	0%	5%	5%	5%	5%	10%
C HMO PA/NJ	0%	0%	5%	10%	15%	25%	30%	40%	50%	90%
D DISCONTINUED	50%	50%	50%	50%	50%	50%	50%	75%	75%	90%
E COMMERCIAL INS	10%	10%	10%	10%	15%	15%	20%	20%	40%	50%
F MEDICARE	0%	0%	0%	0%	0%	5%	5%	5%	5%	10%
G PA MED ASSISTANCE	0%	0%	10%	10%	10%	10%	25%	25%	25%	25%
H PA MED ASSIST APPS	50%	25%	25%	25%	25%	25%	25%	25%	25%	25%
I HEALTH PASS/MANAGED MA	25%	25%	25%	25%	50%	50%	75%	75%	75%	90%
K NJ MED ASSIST	25%	10%	10%	25%	25%	50%	50%	75%	75%	90%
L WORKER COMP	10%	10%	10%	10%	10%	15%	15%	25%	25%	50%
M DISCONTINUED	50%	50%	50%	50%	50%	50%	50%	50%	50%	90%
N MISC 3rd PARTIES/OTHER IP	25%	20%	20%	25%	25%	30%	40%	50%	50%	50%
O DISCONTINUED	20%	20%	20%	20%	20%	25%	25%	50%	50%	50%
P HAHN BC FLEX	10%	10%	10%	10%	10%	25%	25%	25%	25%	25%
S SELF PAY	50%	50%	50%	60%	60%	70%	70%	80%	90%	100%

CL 001101

**EXHIBIT 4389**

AHERF  
06/30/96

Working Paper Name: Reserve for Bad Debts Reconciliation- MCP & EPPI  
Working Paper Reference: 0053-157  
Working Paper Type [1]: OLE, Prepared by Client

ALLEGHENY UNIVERSITY HOSPITALS  
EAST FALLS (formerly MCC) - INPATIENT  
SUMMARY OF RESERVES FOR BAD DEBTS

#1204100-95000210

06/30/96 PBC

Completed

Completed By: Brian W. Christian Date: 09/19/96 10:09:34 AM  
Last Modified By: Mark D. Kirstein Date: 10/03/96 12:34:46 AM

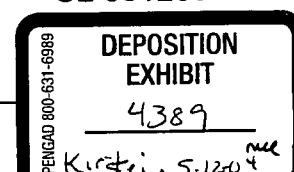
Reviewed Mark D. Kirstein

Mark for Deletion

Modification History:

Brian W. Christian

CL 001200



ALLEGHENY UNIVERSITY HOSPITALS  
 EAST FALLS (formerly MCC) - INPATIENT  
 SUMMARY OF RESERVES FOR BAD DEBTS  
 #1204100-95000210  
 06/30/96 PBC

98-Oct-98  
 11:41 AM

MONTH	BEGINNING BALANCE	WRITE-OFFS	OTHER	RECOVERIES	PROVISIONS	ENDING BALANCE	ADJ. ENDING BALANCE	CALCULATED RESERVE AMT	VARIANCE (OVER)/UNDER
COMPARATIVE DATA:									
FYE 6/30/93 BAL:						(3,706,642)	(3,706,642)	(3,706,642)	0
FYE 6/30/94 BAL:						(2,433,504)	(2,433,504)	(2,433,504)	0
FYE 6/30/95 BAL:						(3,119,384)	(3,119,384)	(3,215,873)	96,489
JULY	(\$3,119,384)	\$298,401		(\$5,935)	(\$681,966)	(\$3,508,884)	(\$3,508,884)	(\$3,399,856)	(\$109,028)
AUGUST	(3,508,884)	238,185		(7,783)	(374,689)	(3,653,170)	(3,653,170)	(3,506,344)	(146,826)
SEPTEMBER	(3,653,170)	457,298		(38,312)	(608,647)	(3,842,831)	(3,842,831)	(3,455,442)	(387,389)
OCTOBER	(3,842,831)	825,274		(61,150)	(257,853)	(3,336,559)	(3,336,559)	(2,575,771)	(760,788)
NOVEMBER	(3,336,559)	358,467		(13,963)	(83,730)	(3,075,785)	(3,075,785)	(2,967,869)	(107,916)
DECEMBER	(3,075,785)	296,263		(2,615)	(695,086)	(3,477,223)	(3,477,223)	(3,061,588)	(415,635)
JANUARY	(3,477,223)	365,798		(3,718)	(741,493)	(3,856,636)	(3,856,636)	(3,650,716)	(205,920)
FEBRUARY	(3,856,636)	1,807,319		(15,077)	(801,535)	(2,865,929)	(2,865,929)	(3,169,876)	303,947
MARCH	(2,865,929)	528,820		(2,564)	(836,123)	(3,175,796)	(3,175,796)	(3,213,724)	37,928
APRIL	(3,175,796)	1,306,172		(52,379)	(858,473)	(2,780,477)	(2,780,477)	(2,569,975)	(210,502)
MAY	(2,780,477)	674,974		(34,183)	(892,152)	(3,031,837)	(3,031,837)	(2,885,814)	(146,023)
JUNE	(3,031,837)	1,064,360		(110,775)	(779,862)	(2,858,115)	(2,858,115)	(2,930,547)	72,432
SUB-TOTAL	(3,119,384)	8,221,332	0	(348,454)	(7,611,609)	(2,858,115)	(2,858,115)	(2,930,547)	72,432
ACCUAL RESERVE						0	0		
TOTAL	(\$3,119,384)	\$8,221,332	\$0	(\$348,454)	(\$7,611,609)	(\$2,858,115)	(\$2,858,115)	(\$2,930,547)	\$72,432
									53-155

Note: Comparison of client's calculation and amount booked:

	Reserves	
	Booked	B/S method
Inpatient	(2,858,115)	(2,930,547)
EPPI	(478,916)	(1,214,576)
	(3,337,031)	(4,145,123)
	(808,092)	
	53-150	

CL 001201